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UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA

20 JIPC MANAGEMENT, INC.,  
21 Plaintiff,  
22 v.  
23 INCREDIBLE PIZZA CO., INC.;  
24 INCREDIBLE PIZZA FRANCHISE  
25 GROUP, LLC; CJM RACING, LLC,  
26 Defendants.

Case No. CV08-4310 MMM (PLAX)

**PLAINTIFF'S OPPOSITION TO  
DEFENDANTS' MOTION IN  
LIMINE NO. 3 RE: EVIDENCE  
OF ALLEGED ACTUAL  
CONFUSION**

## **Hon. Margaret M. Morrow**

**Date:** July 13, 2009  
**Time:** 9:00 a.m.  
**Ctrm:** Roybal 780

1 Plaintiff JIPC Management, Inc. (“JIPC”) submits this Opposition to  
2 Defendants’ Motion in Limine No. 3 Re: Evidence of Alleged Actual Confusion  
3 (MIL No. 3”).

4 **MEMORANDUM OF POINTS AND AUTHORITIES**

5 **I. Introduction.**

6 Defendants’ MIL No. 3 constitutes one of several misguided attempts to  
7 exclude evidence of actual confusion in this case.

8 It is well-settled that evidence of actual confusion is one of the factors a court  
9 must consider in a trademark case to determine whether there is a likelihood of  
10 confusion. *AMF Inc. v. Sleekcraft Boats*, 599 F. 2d 341, 348 (9th Cir. 1979).  
11 Indeed, the *Sleekcraft* court noted that “[e]vidence that use of the two marks has  
12 already led to confusion is persuasive proof that future confusion is likely.” *Id.* at  
13 352 (*citing Plough, Inc. v. Kreis Labs.*, 314 F.2d 635, 639 (9th Cir. 1963)). As one  
14 commentator has noted:

15 Actual confusion is the best evidence of a likelihood of  
16 confusion. Convincing evidence of significant actual  
17 confusion occurring under actual marketplace conditions  
18 is the evidence [*sic*] of a likelihood of confusion. Any  
19 evidence of actual confusion is strong proof of the fact of  
20 a likelihood of confusion. No matter how convinced a  
21 trial judge may be of the absence of any likelihood of  
22 confusion, he or she must at least listen to evidence  
23 presented of actual confusion.

24 J. Thomas McCarthy, 4 *McCarthy On Trademarks* § 23:13 at 23-88 to 23-  
25 89 (2009) (footnote omitted).

1           Despite these well-settled principles, Defendants seek a broad pretrial  
2 Order excluding evidence of actual confusion. Defendants' Motion should  
3 be denied.<sup>1</sup>

4       **II. The Emails, Website Inquiries, and Comment Cards Defendants  
5 Address in Their Motion Are Admissible.**

6           Relying on *Duluth News-Tribune v. Mesabi Publishing Co.*, 84 F.3d 1093  
7 (8th Cir. 1996), Defendants argue that the Court should exclude emails, internet  
8 queries, and comment cards because they are allegedly hearsay.<sup>2</sup> Defendants are  
9 wrong.

10          First, as one Judge in the Eastern District of California recently noted, *Duluth*  
11 is in the minority, and the vast majority of courts hold that testimony from the  
12 plaintiff's employees regarding confusion—including confusion expressed in  
13 emails received by the plaintiff—is admissible because it is not hearsay. *Cytosport,*  
14 *Inc. v. Vital Pharms., Inc.*, --- F. Supp. 2d ---, No. CIV. S-08-2632, 2009 WL  
15 1444535, at \*15-16 (E.D. Cal. 2009). The court in *Cytosport* noted the *Duluth*  
16 opinion was inconsistent with the majority of courts and cited numerous cases in  
17 which the courts have held statements regarding confusion are not hearsay because  
18 they were offered to show the state of mind of the confused person, not to prove the  
19 truth of the matter asserted. *Id.*

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21           <sup>1</sup> To the extent there is particular evidence, testimony, or documents that  
22 Defendants believe is inadmissible, Defendants will have an opportunity at trial to  
23 object, as appropriate. However, Defendants' attempt to obtain a broad pretrial  
Order to exclude all evidence of actual confusion is unwarranted, particularly  
because the authorities discussed below confirm that the particular evidence  
Defendants address in their MIL No. 3 is admissible.

24           <sup>2</sup> Defendants once again attempt to characterize customer comments and  
25 inquiries submitted through Plaintiff's website as akin to "misdirected phone calls  
26 and mail." But these communications were not received by Plaintiff because of  
27 alleged carelessness in typing an email address (which here would have to be  
28 "inadvertently" typing "Comments-From-Web-Site@johnspizza.com" instead of  
"info@incrediblepizza.com.") Rather, these communications were submitted  
through a form on the JIPC website that the user reaches only after clicking the  
"Contact" link on the main page, which has the John's Incredible Pizza Co. name  
and mark prominently displayed. (See Doc. 139 ¶¶ 47, 48.)

1           The court noted: “Defendant objects to the above evidence on hearsay  
2 grounds, arguing plaintiff’s employees cannot proffer this evidence of customer  
3 confusion. Defendant’s objection is unavailing.” *Id.* at \*15 (footnote and citation  
4 omitted). The court further noted that only the Eighth Circuit, in *Duluth*, has held  
5 such testimony to be inadmissible, and that the Second, Third, Fourth, and Fifth  
6 Circuits have all held that such evidence is admissible. *Id.*

7           The *Cytosport* court also noted that other courts have held that such evidence  
8 is not hearsay because employee statements regarding a customer’s confusion is  
9 evidence of the customer’s state of mind. *Id.* Regardless of the reason, the vast  
10 majority of courts admit such evidence.

11          Under *Cytosport* and the numerous cases cited therein, none of the evidence  
12 about which Defendants complains is hearsay because none of it will be offered to  
13 prove the truth of the matter asserted. *See also Conversive, Inc. v. Conversagent,*  
14 *Inc.*, 433 F. Supp. 2d 1079, 1091 (C.D. Cal. 2006) (in admitting employee  
15 testimony about customer confusion, court refused to follow *Duluth* and, instead,  
16 “[found] the reasoning of the Second, Third, Fourth and Fifth Circuits to be  
17 persuasive”).

18          To the extent JIPC will seek to introduce any of the emails or website  
19 inquiries attached to Defendants’ Motion (or any other emails or inquiries for that  
20 matter), JIPC will not be offering them to prove the truth of the matter stated in the  
21 emails or inquiries. The evidence, therefore, is simply not hearsay. *Id.*

22          The other cases cited by Defendants confirm that such evidence is  
23 admissible. *See Toys “R” Us, Inc. v. Lamps R Us*, 219 U.S.P.Q. 340, 346 (USPTO  
24 1983) (Trademark Trial and Appeal Board rejected hearsay objection and admitted  
25 evidence); *Therma-Scan, Inc. v. Thermoscan, Inc.*, 295 F.3d 623, 634-35 (6th Cir.  
26  
27  
28

<sup>3</sup> 2002) (court admitted and considered numerous emails offered to show persons sending emails were confused).

In light of the foregoing, emails and internet queries that tend to show confusion are admissible. To the extent “comment cards” show confusion, they are also admissible for the same reasons. But Defendants miss the point regarding the “comment cards.”

JIPC has not argued that the comment cards show confusion. Rather, JIPC intends to introduce the comment cards to rebut Defendants' expert. In particular, Defendants' expert opined that JIPC's customers always refer to JIPC as "John's Incredible Pizza Company." These comment cards refute that opinion. Thus, the comment cards are not offered to prove the truth of the matter asserted therein and, therefore, are not hearsay.

### **III. Employee Testimony About Actual Confusion Is Admissible.**

As set forth above, the vast majority of courts, including courts in the Ninth Circuit, hold that employees of the plaintiff may testify as to confusion of third parties. Such testimony is simply not hearsay. JIPC will offer detailed testimony of employees and other witnesses who encountered confusion by others. Under the authorities discussed above, such testimony is admissible.

Defendants cite three older cases from the Central District of California to support their argument, but those cases and the reasoning therein, have been rejected by the more recent cases cited above. For example, in *Conversive*, the Court explicitly rejected all three of the cases cited at page five of Defendants' Motion (the *Avery Dennison*, *Fierberg*, and *Alchemy II* cases). *Conversive*, 433 F. Supp. 2d at 1092. In rejecting these cases, the *Conversive* Court noted that "none of these cases discuss the issue of whether the statements are offered for their truth

<sup>3</sup> *Matrix Motor Co. v. Toyota Jidosha Kabushiki Kaisha*, 290 F. Supp. 2d 1083 (C.D. Cal. 2003), is not relevant here. In that case, the court simply held a declaration stating that several people were confused without any other supporting information whatsoever was inadmissible.

1 or whether the state-of-mind exception to the hearsay rule applies. For that reason,  
2 the Court does not find them persuasive.” *Id.*

3 JIPC submits that the more recent Central and Eastern District cases,  
4 *Conversive* and *Cytosport*, properly apply the hearsay rule and are consistent with  
5 the vast majority of courts from other circuits. Pursuant to these authorities,  
6 testimony from JIPC’s employees regarding confusion is admissible. Yet, even if  
7 this Court were to follow the reasoning of *Duluth* or the earlier cases from the  
8 Central District, a broad pretrial Order excluding all testimony regarding actual  
9 confusion is not warranted.

10 **IV. Evidence of Actual Confusion Occurring Prior to April 2008 Is  
11 Admissible.**

12 Finally, relying on a single case that is not on point, Defendants argue that  
13 JIPC should be precluded from introducing any evidence of actual confusion prior  
14 to April 2008. Defendants’ argument is based on the fact that JIPC has stated in  
15 this case that, because the parties were in geographically separate areas until March  
16 2008, JIPC’s cause of action for trademark infringement did not accrue until that  
17 time. According to Defendants, if there was no “likelihood of confusion” prior to  
18 March 2008, there could be no relevant “actual confusion” prior to that time.  
19 Defendants are wrong.

20 Defendants argument is grounded on the unsupported premise that every  
21 instance of actual confusion creates a likelihood of confusion. But courts recognize  
22 that it is possible to have instances of “actual confusion” without a “likelihood of  
23 confusion.” *See, e.g., Glow Indus. v. Lopez*, 252 F. Supp. 2d 962, 999 (C.D. Cal.  
24 2002). Moreover, it is significant that most of the evidence of actual confusion  
25 prior to March 2008 was as the result of potential customers of one party stumbling  
26 onto the website of the other party, presumably as the result of a keyword search.  
27 The only difference between those instances of confusion and the similar instances  
28 that have occurred since March 2008 is that, prior to March 2008, Defendants’

1 operations and activities were not deliberately targeted at potential purchasers in  
2 California and the surrounding states such that there was sufficient overlap to  
3 support a cause of action.

4 It was only in March 2008, when Defendants actively began targeting  
5 potential purchasers in California and the surrounding states by, among other  
6 things, utilizing the “Incredible Pizza.Com” mark in connection with its NASCAR  
7 sponsorship in an effort to advertise and direct attention to Defendants’ website,  
8 that a cause of action for infringement arose.

9 The single case cited by Defendants (the *Taj Mahal* case from the District of  
10 New Jersey) does not support Defendants’ position. That case did not even involve  
11 the issue of whether particular evidence of actual confusion is admissible.

12 JIPC is unaware of any case—and Defendants have not cited one—in which  
13 a court excluded evidence of actual confusion simply because that confusion  
14 occurred before the plaintiff had a cognizable infringement claim.

15 **V. Conclusion.**

16 In light of the foregoing, the Court should deny Defendants’ MIL No. 3.  
17

18 DATED: June 29, 2009

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